GOVERNMENT OF INDIA
STATISTICS AND PROGRAMME IMPLEMENTATION
LOK SABHA

UNSTARRED QUESTION NO:3326
ANSWERED ON:22.03.2017
Rise in Price Indices
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Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether several financial expert agencies in India have given different opinions regarding rise in price index in the country;
(b) if so, whether the rate of increase from the minimum of 3.6% to 6.3% has been opined;
(c) if so, the facts in this regard; and
(d) the said rate estimated on the basis of the assessment of the Reserve Bank of India?

Answer

MINISTER FOR STATISTICS AND PROGRAMME IMPLEMENTATION [SHRI D. V. SADANANDA GOWDA]
(a) to (d): CSO compiles Consumer Price Index (CPI) for Rural, Urban and Combined sectors after collecting prices from 1181 rural markets, covering all the districts of the country, and from 1114 urban markets, covering 310 towns. It releases year on year inflation rates also, using these indices. There are many private agencies, which project rise in index or inflation, using different modelling techniques or methods best known to them. We have not received any such projections or opinions. RBI formulates monetary policy on the basis of the index compiled by this Ministry. Monetary Policy Committee (MPC) of the RBI, in its sixth Bi-monthly Monetary Policy Statement of February 8, 2017 stated that "the Committee is of the view that the persistence of inflation excluding food and fuel could set a floor on further downward movements in headline inflation and trigger second-order effects. Nevertheless, headline CPI inflation in Quarter 4 of 2016-17 is likely to be below 5 per cent. Favourable base effects and lagged effects of demand compression may mute headline inflation in Quarter 1 of 2017-18. Thereafter, it is expected to pick up momentum, especially as growth picks up and the output gap narrows. Moreover, base effects will reverse and turn adverse during Quarter 3 and Quarter 4 of 2017-18. Accordingly, inflation is projected in the range of 4.0 to 4.5 per cent in the first half of the financial year and in the range of 4.5 to 5.0 per cent in the second half with risks evenly balanced around this projected path"